

# Facts & Information

October 13, 1999

## Frequently Asked Questions By Water Customers

### **How often can a water company apply for a rate increase?**

A company may request a rate increase as often as it has cost increases that warrant the increase. Remember that just because a company requests an increase does not necessarily mean that the Commission will grant it. The burden is on the company to prove that it needs additional money. The UTC only allows rate increases to recover actual costs for work that has already been completed.

### **What does Commission staff review during their review of a company's rate increase proposal?**

Commission staff looks at four main issues:

- 1) The company's actual historical cost of providing service based on 12 months of financial information, excluding items for which money cannot be recovered from customers (e.g., political contributions and any fines levied);
- 2) The company's total investment in equipment used to provide service (called rate base);
- 3) The appropriate profit level (called rate of return) the company should be allowed for the use of its investment (rate base);
- 4) What rates to charge different customer classes. Rates are based on the type of customer service (such as residential, commercial and industrial) and whether that monthly charge is calculated based on flat rate service or metered service.



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### **Isn't a surcharge the same as a rate increase?**

Both result in the customer paying higher rates, but a surcharge is different. A surcharge is a method used to fund specific projects that are required to provide water and adequate quality and quantity to meet state regulations. Money from a surcharge is used exclusively for the purpose of

making capital improvements. A surcharge is temporary; once the loan is paid in full or the required money is collected, the surcharge is removed from customers' bills. A surcharge may only be collected after a Commission decision.

**My water is fine, why should I have to pay to repair a water system that does not supply water to me?**

With very few exceptions, the Commission sets a single rate that applies to all customers on every water system that a company operates. This approach allows customers to benefit from economies of scale for operations and maintenance costs. This means, more customers paying for needed repairs result in lower costs per customer.

Examples of exceptions to a single rate include: customers on a system who vote to pay a surcharge for a backup generator if Department of Health does not require one or installation of fire flow when the fire marshal does not require it. To implement voluntary surcharges, the company must send ballots to all affected customers. If the majority of returned customer ballots are in favor, then the company will file a proposal with the Commission and those affected customers will pay the surcharge.

**Can a water company seek a rate increase if the water quality is not up to Department of Health standards?**

Yes. The company can seek a rate increase to recover its cost of doing business. There are no laws restricting the company from filing to recover expenses due to water quality.

**What can I do if I'm experiencing water service problems (such as rates, billing, meters, service connections)?**

You should first notify your company. It is important to give your company a chance to fix the problem first. If you are not satisfied with the company's response you may contact the UTC Consumer Affairs department at 1-800-562-6150.

**Can a customer seek a refund for poor water quality?**

Yes. A water company may be required to refund water charges due to poor water quality. The refund amount, if any, would be determined at a hearing before the Commission and it would only be based on estimated water use for human consumption - a small fraction of normal daily water usage. It would not include water used for lawns, gardens, farm animals, baths/showers, etc.

**How do I file a formal complaint about poor water quality?**

A formal complaint is much like going to court. The complaint must describe a situation in where the utility is in violation of a law, rule, commission order or provision of the utility's tariff. The burden of proof for the violation resides with the person making the complaint.

If you believe your company has violated a rule or its tariff, contact the Commission to obtain specific information about how to file a formal complaint. Formal complaints must be in writing

and must clearly state the complaint and the relief requested. Please keep in mind that Commission staff are not allowed to provide legal advice to individual members of the public.

**If a water company is fined by the UTC or Department of Health, is that expense recoverable in customer rates?**

No. Typically any fines or penalties on a water company are removed from expenses used to determine monthly water rates.

**Is there a law restricting a water company from buying more water systems?**

No.

**Can a regulated water company purchase a non-regulated water company?**

Yes. The Commission does not have jurisdiction over a regulated company purchasing a non-regulated company. After a regulated water company buys a non-regulated water system, the regulated company must continue to charge the current rates that the non-regulated customers paid, unless the company obtains Commission approval to charge a different rate.

**Can I request that a water meter be installed? If so, who pays for it?**

Yes, if your water company has rates for metered service. When a customer requests a meter, the company can charge you in advance for the meter cost and installation if these charges are listed in the company's tariff on file at the UTC. These costs are then refunded to you through a partial bill credit until repaid. The company has thirty days to install the meter from the date of your request.

**Will the water company test my water meter if I request it?**

Yes. The company will test your meter for accuracy. The company has ten days after a complaint to perform the test. The first test is at no direct charge to the customer, except the water company may directly charge the customer for additional meter tests requested by the customer within a twelve-month period. This service is not free. The cost of testing meters is distributed among all rate payers as a cost of operations.

**Can a water company estimate my water bill if I'm a metered customer?**

Yes. However estimating your water bill may not be done for more than two consecutive billing cycles.

**How do you read a water meter?**

If a water customer requests assistance in reading a meter, the company must provide information on how to read the meter. Some meters read straight across like the odometer on a car. Other meters are circular with five or six dials. Read each dial clockwise, starting at the 100,000 dial. If a pointer is between the two figures, read the lower number. Remember - your meter is never reset.

**Will I receive notice from the water company for interruption of service?**

Only if it is a planned interruption for repair purposes. Customers will receive twenty-four hours advanced notice through newspaper, radio announcements, or other means.

**Does the water company have to provide a toll-free number for customers?**

No, there are no requirements for a toll-free phone number.

**What can I do when I am not able to reach someone at my water company?**

State law requires your water company to maintain a business location and a telephone system. Customers must be able to leave a message to report an emergency or a service interruption. If you cannot reach your water company, you may contact the Consumer Affairs Section at the Commission toll-free at 1-800-562-6150.

**What if I report a service failure or an emergency - how will I know the company is going to fix the problem?**

The company must respond to the person who reported the service failure or emergency within twenty-four hours of the report. The company contact may just state that they received your call and are working on the problem. You probably will not get a detailed report - but you will know the company is working on the problem.

**I've called the company to ask a question and the company does not return my call. What can I do?**

When you call the company and the call is not an emergency, the company must return the call within two business days. If the company does not return your call you may call the UTC at 1-800-562-6150 for assistance.

**I wrote a letter to my water company asking questions about my water service. Does the company have to respond?**

Yes. A water company must acknowledge and respond to your written inquiry within two weeks of receiving the letter.

**Do I have to give access to my premises to the company?**

Authorized personnel of the company have the right to enter your property during reasonable hours to perform meter reading, maintenance, testing, installation or removal of the company's property. Customers may ask to see the identification of the company personnel before allowing entry to your property.